

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-06 CEA-01
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FM AMEMBASSY MADRID
TO SECSTATE WASHDC 3138
INFO AMEMBASSY PARIS

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PARIS FOR USOECD

E.O. 11652: N/A
TAGS: ECON, EFIN, ECRP, PFOR, SP
SUBJECT: SPANISH BUDGET FOR 1978 APPROVED BY THE CORTES

REF: MADRID A-1

1. THE SPANISH BUDGET FOR CALENDAR YEAR 1978 HAS
FINALLY BEEN APPROVED BY THE CORTES. THE LOWER HOUSE
HAD BEEN UNABLE TO PASS IT UNTIL DECEMBER 22 BECAUSE
OF TARDY SUBMISSION BY THE GOVERNMENT OF ITS BUDGET
PROPOSAL. THE SENATE COULD NOT STUDY THE BUDGET UNTIL
LOWER HOUSE APPROVAL WAS OBTAINED AND, UNWILLING TO BE
SEEN AS A RUBBER STAMP, DELAYED ITS OWN APPROVAL UNTIL
JANUARY 17. THE BUDGET LAW BECOMES EFFECTIVE FOLLOWING
ROUTINE ROYAL CONFIRMATION AND PUBLICATION IN THE
STATE BULLETIN.

2. AS IN PAST YEARS THE GOVERNMENT'S BUDGET PROPOSAL
WAS ACCEPTED WITHOUT AMENDMENT, ALTHOUGH DEBATE WAS
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LESS PERFUNCTORY THAN USUAL. OPPOSITION SPOKESMEN
WERE MILDLY BUT CONSISTENTLY CRITICAL ON TWO POINTS:
THE LACK OF DETAILED BUDGETARY INFORMATION, AND THE USE
OF UCD PARLIAMENTARY MAJORITIES TO BLOCK EVEN UNIMPORTANT
AMENDMENTS TO THE BUDGET. FOLLOWING THE SENATE VOTE ON
THE 1978 BUDGET, FINANCE MINISTER FERNANDEZ ORDONEZ
ANNOUNCED THAT NEXT YEAR'S BUDGET PROPOSAL WOULD BE GIVEN

TO THE CORTES BY SEPTEMBER 15. THIS WOULD GIVE THE CORTES ABOUT TWO MONTHS MORE TIME TO CONSIDER IT THAN WAS THE CASE WITH THE 1977 AND 1978 BUDGETS.

3. IN MADRID A-1 WE HAVE TRACED THE MACROECONOMIC IMPACT OF THE 1978 BUDGET, AND WE ARE NOW PREPARING A MORE DETAILED EXAMINATION. OVERALL THE BUDGET CALLS FOR A MODEST REAL GROWTH OF BOTH REVENUES AND EXPENDITURES, RESULTING IN A FISCAL DEFICIT EQUIVALENT TO A COMFORTABLE 1.2 PERCENT OF SPANISH GDP. THE BUDGET APPARENTLY CALLS FOR NO MAJOR SHIFTS IN NATIONAL PRIORITIES. STABLER

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Message Attributes

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Concepts: BUDGETS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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